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ABSTRACT

The Washington Promise Scholarship program was established to encourage excellent academic performance and to reward low- and middle-income students who demonstrate meritorious achievement in high school by providing them a 2-year scholarship. An evaluation was conducted to study the program and its impact on college attendance and student indebtedness and to determine the types of students who complete high school successfully but do not have the financial ability to attend college because they cannot get adequate financial aid. At the beginning of the study, recipients from the first 2 years had completed at least 1 year of college. As part of the study, the Washington Higher Education Coordinating Board compared financial aid awards and federal Hope Tax Credits of Promise Scholarship recipients to other students. Data from a number of sources were used in the evaluation. Findings indicate that the Promise Scholarship program is effectively responding to the statutory goal of providing scholarships to low- and middle-income high school graduates. Promise Scholarship recipients who received other financial aid, on average, received more grants and borrowed less than other students in similar circumstances. It is recommended that funding for the Promise Scholarship program should support awards that are equal to full-time community college tuition, but scholarship amounts have been reduced in recent years to provide scholarships to all eligible students. An income-cutoff for eligibility would ensure that state appropriations will be provided to students from low- and middle-income families in adequate amounts. (Contains 8 figures and 30 tables.) (SLD)

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ED 476 437

Washington Promise Scholarship Program Evaluation

December 2002

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WASHINGTON PROMISE SCHOLARSHIP
PROGRAM EVALUATION – DECEMBER 2002

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Washington Promise Scholarship Program Evaluation

Executive summary

Background

The Washington Promise Scholarship program was established to encourage excellent academic performance and to reward low- and middle-income students who demonstrate meritorious achievement in high school by providing them a two-year college scholarship.

It is the state's first large financial aid program that is targeted to academically meritorious high school graduates and, while the program has an income limit, it is the first major state financial aid program that does not require students to document their need for financial aid under a strict set of federal rules in order to qualify.

The Governor and Legislature established the Washington Promise Scholarship program as a provision in the 1999-01 state operating budget, and the Legislature enacted it into permanent statute in 2002 (SHB 2807). Scholarships were first awarded to eligible students who graduated from high school in spring 1999.

Legislative Charge and Study Overview

Washington's fiscal year 2002-03 operating budgets call for an evaluation of the impact and effectiveness of the Promise Scholarship program. Findings are to be reported to the Governor and the Legislature by December 1, 2002.

Budget language directed the evaluation to:

A. Analyze other financial aid Promise Scholarship recipients receive through other federal, state, and institutional programs, including grants, work study, tuition waivers, tax credits, and loan programs;

B. Analyze whether the implementation of the Promise Scholarship program has had an impact on student indebtedness; and

C. Evaluate what types of students successfully complete high school but do not have the financial ability to attend college because they cannot get financial aid or the financial aid is insufficient.

In addition to the issues specified in the legislation, the Higher Education Coordinating Board (HECB) has examined the extent to which the Washington Promise Scholarship program, during its first two years, appeared to make a difference in high school achievement and attendance at an in-state college or university, and whether changes to the program might improve program efficiency and/or effectiveness.

While the program is currently in its fourth year, data to address the study requirements were available only for the program's first two years. At the beginning of the evaluation, recipients from the program's first two years had completed at least one year of college, and year-end data about their receipt of other financial aid were available.

As a part of its study, the HECB compared the financial aid awards and federal Hope Tax Credits of Promise Scholarship recipients to other students, considered whether academic eligibility criteria for the scholarship should be changed, and examined the extent to which the program appeared to influence high school achievement and college participation and performance.

The Board's Financial Aid Committee provided direction to the staff regarding the study, and both that committee and the Board's Policy Committee reviewed and discussed the study's major findings.

A stakeholder group, including staff from the Governor's office, legislative committees, the Office of the Superintendent of Public Instruction, colleges and universities, and education organizations, was convened at the beginning of the evaluation to discuss study scope. This group met again at the end of the study to review and discuss preliminary findings.

Conclusions

At its October 29, 2002 meeting, the HECB discussed preliminary study findings and concluded:

- The Promise Scholarship program is effectively responding to the statutory goal of providing scholarships to meritorious low- and middle-income high school graduates. The Promise Scholarship program made college more affordable for recipients. Promise Scholarship recipients who received other financial aid, on average, received more grants – and they borrowed less – than other students with similar circumstances.
- For the program to influence – and not just reward – student behavior, it must be predictable and stable. Students must be reasonably sure that, if they meet eligibility standards, the scholarship will be available when they graduate from high school.
- Funding for the Promise Scholarship program should support awards that are equal to full-time community college tuition. Statute sets the maximum scholarship as the amount of tuition charged at the state's community colleges. Statute also directs that the scholarship amount be reduced, if necessary, to provide scholarships to all eligible students. The value of the scholarship, as a percentage of tuition at the community colleges, has declined in each of the last three academic years (from 94 percent in academic year 2000-01, to 48 percent during the current academic year).
- Current standards to establish academic and financial eligibility should be maintained. For 2002-03, students receive the scholarship if they rank in the top 15 percent of their graduating classes or attain the minimum required score on either the SAT or ACT exam, and family income does not exceed 135 percent of the state's median family income.

  Using an income-cutoff for eligibility ensures that state appropriations will be provided to students from low- and middle-income families.

The existing academic eligibility criteria ensure that students at all schools across the state, as well as students who are home-schooled, have the opportunity to apply. Use of the WASL as an academic criterion for Promise Scholarship eligibility should be studied further, as the WASL is further developed and longer-range data become available. However, the WASL should not replace the current "Top 15 percent" academic criteria at this time.

- The program should be evaluated again later, when three or four groups of scholarship recipients have graduated with baccalaureate degrees.

Board Action

At its meeting on December 12, the Board adopted Resolution 02-31, approving the Promise Scholarship Program Evaluation report, which provides study detail and incorporates the Board's conclusions. The final report will be submitted to the Governor and Legislature.

WASHINGTON PROMISE SCHOLARSHIP
Program Evaluation Report

December 2002

CHAPTER 1: INTRODUCTION

The Washington Promise Scholarship is the state's first large financial aid program that is targeted to academically meritorious high school graduates and, while the program has an income limit, it is the first major state financial aid program that does not require documentation of financial need to qualify.

The Promise Scholarship program grew from the concern of Governor Gary Locke and other policymakers that the rapidly escalating cost of higher education was making such education unaffordable for middle-income families. There was a commonly held – but inaccurate – perception that low-income students qualified for a "free ride" to college with grant aid, while little or no federal or state financial aid was available to help middle-income students pay for college costs.

At the same time, the state was promoting improvements in K-12 academic achievement through new, higher standards. The Promise Scholarship program was established to encourage excellent academic performance and to reward low- and middle-income students who demonstrated meritorious achievement in high school by providing them with a two-year college scholarship.

The Washington Promise Scholarship program was first funded in 1999, at the request of Governor Locke, who described the program's purpose as:

- Making the goal of a college education a reality for academically successful high school students;
- Helping ease the debt burden for middle-income families by supplementing other financial aid awards; and
- Providing financial support (a two-year scholarship equal to the resident tuition rate for full-time community college attendance) for those who work hard and perform well in school.

The Promise Scholarship program was created during a period when several other states followed Georgia's lead in creating merit-based scholarship programs to reward high school and college academic performance and to provide financial assistance to middle- and upper-income students. The federal government also enacted a variety of tax credits and incentives, including the federal Hope Scholarship Tax Credit program, aimed directly at making college affordable for middle-income families.

Washington's Promise Scholarship program is different from most other states' merit scholarship programs in several key respects, most notably:

- Unlike most other states' merit programs, it has an income limit; and
- Academic eligibility criteria ensure that the highest-achieving students in every high school in the state will have the opportunity to apply.

This evaluation of the Promise Scholarship program's first two years was undertaken at the request of the Legislature, to determine whether the program's current design supports the achievement of statutory goals, and to identify changes that would increase its effectiveness and/or efficiency.

The Higher Education Coordinating Board will evaluate the Promise Scholarship program again later, when three or four groups of scholarship recipients have had time to complete four-year degree programs.

CHAPTER 2: PROGRAM AND RECIPIENT DESCRIPTION

The Governor and Legislature established the Washington Promise Scholarship program as a provision of the 1999-01 state operating budget, and the Legislature enacted it into permanent statute in 2002 (SHB 2807).

Student Eligibility Criteria. To be eligible, students must:

- Graduate from a Washington public or private high school in the top 15 percent of the class[1] or score at least 1200 points on the SAT or 27 points on the ACT[2] on the first attempt.
- Have a family income of no more than 135 percent of the state's median family income (MFI)[3].
- Enroll in an accredited postsecondary college or university in Washington. Eligible institutions include accredited private career schools, public community/technical colleges, as well as public and private baccalaureate colleges and universities.
- Not pursue a degree in theology.[4]

Period of Award. The Promise Scholarship is awarded for two years. Approximately 94 percent of the recipients return to school for a second year of study.

Number of Recipients. The number of recipients has increased each year. During the 2002-03 academic year, approximately 6,500 students will receive Promise Scholarships. Recipients are nearly evenly divided between first- and second-year students.

Table 2-1

Number of Promise Scholarship Recipients by Academic Year	
1999-00	2,164
2000-01	5,314
2001-02	6,261
2002-03 (est.)	6,500

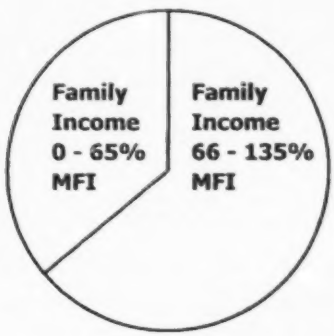
[1] During the program's first year, eligibility was limited to students in the top 10% of their graduating class.
[2] The ACT test was added as an eligibility standard in 2002.
[3] For the 2002-03 academic year, 135 percent of the state's MFI, and the income cut-off for a family of four is $85,900.
[4] The constitutionality of this statutory provision has been challenged. The case is before the 9th U.S. Circuit Court of Appeals.

Income Cutoff for Award. To qualify for a scholarship, a student's family income cannot exceed 135 percent of the state's median family income, adjusted for family size. Table 2-2 shows the income cutoffs for a family of four, for each year of the program to date.

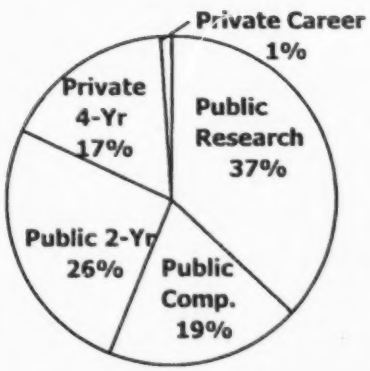
Table 2-2

Promise Scholarship Income Cutoff Family Size of Four by Academic Year	
1999-00	$69,500
2000-01	$77,600
2001-02	$82,500
2002-03	$85,900

Income Distribution of Recipients. Approximately one-third of the 1999-00 academic year Promise Scholarship recipients had family incomes of 65 percent or less of the state's median family income (MFI). Nearly two-thirds had family incomes between 66 percent and 135 percent of the MFI.



Types of Institutions Attended. Recipients may attend any accredited higher education institution in Washington. The distribution of recipients by type of institution has typically been as shown for the 2001-02 academic year:



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Scholarship Amount

- **Maximum Award**
  - The program's enabling legislation establishes the maximum scholarship at the value of resident tuition and fees charged by Washington's community colleges.
  - The 2002 state operating budget limited new awards for the 2002-03 academic year to no more than $1,000.
- **Actual Award**
  - If the amount of funds available is not sufficient to provide maximum scholarships to all eligible students, awards are prorated by dividing the amount of available funds by the number of eligible applicants. In every year to date, actual awards have been less than the maximum. The actual scholarship – in dollar amount and as a percent of community college tuition – has decreased each year since 2000-01.

Table 2-3

Actual Award as a Percent of Community College Tuition/Maximum Award

Academic Year	Community College Tuition/Maximum Award	Actual Award	Actual Award as Percent of Maximum Award
1999-00	$1,584	$1,225	77%
2000-01	$1,641	$1,542	94%
2001-02	$1,743	$1,404	81%
2002-03	$1,984/$1,000	$ 948	48%

Program Funding Levels

Table 2-4

Appropriations and Amount Awarded to Students 1999-00 through 2002-03 est.

	1999-00	2000-01	2001-02	2002-03 est.
Appropriation	$2,800,000	$8,600,000	$8,250,000	$6,300,000
Awarded to Students	$2,562,547	$7,881,947	$8,485,647	$6,050,000

Notes:

- *The appropriation has included up to $250,000 funds for program administration for each year except 2002, when the administrative allowance was $260,000.*
- *The Promise Scholarship appropriation, net of administrative allowance, is placed into trust at the beginning of each fiscal period. All student awards are made from the trust.*

A Promise Scholarship recipient profile is included in Appendix A.

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CHAPTER 3: STUDY OVERVIEW

Although the Promise Scholarship program is beginning its fourth year of operation, almost all of this evaluation focuses on students who were identified by their schools as being in the top 10 percent of the 1999 senior class[5] or in the top 15 percent of the senior class of 2000.[6] At the commencement of the evaluation, these two groups of students had completed at least one year of college, and year-end data about their receipt of other financial aid were also available.

As indicated in the report, different parts of the analyses were specific to the most appropriate subpopulations of the study group (e.g., students in the top 10/15 percent group who applied for the Promise Scholarship, or students who received the scholarship, etc.).

Primary Data Sources. The Promise Scholarship evaluation used data from six major data sources, listed below. The approximate number of records from each source is shown. As noted above, not all records from a data source were used for each analysis; the report specifies which data sources and subsets were used for each analysis.

Major Data Sources: Promise Scholarship Program Evaluation	
Promise Scholarship Program Database	17,200 Academically-eligible students
Student Financial Aid Unit Record Database	3,400 Aided Promise recipients; and 12,200 Students in comparison group who received need-based student aid
College Enrollment/GPA (provided by institutions)	5,400 Recipient records/51 institutions
WASL Data (provided by OSPI)	67,000 Students
Student Survey	2,400 Respondents - Academically eligible recipients and non-recipients
High School Counselor Survey	120 Respondents

These data sources are described in greater detail in Appendix B.

Study Content. This evaluation responds to the specific issues listed in the legislation directing the study. In addition, it examines the extent to which the Washington Promise Scholarship program, during its first two years, appeared to make a difference in high school achievement and attendance at an in-state college or university, and whether program modifications might improve program efficiency and/or effectiveness.

[5] This group of students is occasionally referred to in the report as the "1999 cohort."
[6] This group of students is occasionally referred to in the report as the "2000 cohort."

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CHAPTER 4: OTHER FINANCIAL AID FOR PROMISE SCHOLARSHIP RECIPIENTS

Legislative language calling for this evaluation focuses on the types and amounts of other financial aid Promise Scholarship recipients received. It directs that the study include, but not be limited to, the following three questions:

- What other financial assistance did Promise Scholarship recipients receive through other federal, state, and institutional programs, including grants, work study, tuition waivers, tax credits[7], and loan programs?
- What impact did implementation of the Promise Scholarship program have on student indebtedness?
- To what extent were eligible students unable to attend college because they did not qualify for financial aid or because financial aid was insufficient?

Promise Scholarship Recipients and Student Financial Aid. The Promise Scholarship program provides college scholarships to income-eligible students who have performed meritoriously in high school. Although recipients' family incomes cannot exceed 135 percent of the state's median, students are not required to qualify for "need-based" student financial aid to receive a Promise Scholarship.

About 58 percent of the 5,314 students who received Promise Scholarships in the 2000-01 academic year also received some amount of need-based student financial assistance. Some received a minimal amount of aid; others received financial aid covering their full college costs. In total, 3,096 Promise Scholarship recipients who documented their need for financial aid during the 2000-01 academic year received $31.8 million in the form of grants and scholarships, tuition waivers, work study, and student loans.[8]

To be considered for need-based student financial aid, the student and his/her family must complete an application form[9], reporting details about their income, family status, and other factors that influence their ability to pay for college costs. Based on the information reported, the family's expected contribution toward college costs is calculated, using nationally standardized formulas. Because the calculated expected family contribution is based on the financial circumstances of the family, it is the same, regardless of the type of institution the student attends.

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[7] Federal education tax credits are awarded on a different basis than traditional student financial aid. Therefore, the analyses of these two types of assistance were completed separately.

[8] Promise Scholarship recipients who were not awarded need-based student financial aid may have received other scholarships or student loans; however this analysis is limited to students who received need-based student financial aid.

[9] A nationally standardized application form – the Free Application for Federal Student Aid – is used to determine eligibility for almost all federal, state, and institutional need-based financial aid programs.

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A student may receive need-based financial aid for up to the difference between the cost of attending a particular college and the amount the family is expected to pay. The costs of attendance used to establish eligibility for financial aid include tuition and fees and standardized allowances for room and board, books, transportation, and personal expenses. Typically, the allowances for books and living costs for categories of students[10] are similar among institutions; therefore, the biggest variable is tuition. Consequently, a student may qualify for more or less financial aid, depending on the cost to attend at a particular institution.

The amount and types of financial aid a student receives will vary from school to school, and among students at the same institution, except in programs like the Federal Pell Grant and State Need Grant programs, which standardize eligibility across all institutions and which have centrally established grant amounts. Typically, grant aid is awarded to students with the lowest expected family contributions, with work study and student loans available to any who have financial need.[11]

With the exception of student loan programs[12], the combination of all resources – including scholarships – cannot exceed the student's documented financial need.

The Promise Scholarship, like all other sources of assistance available to a financial aid recipient, must be considered as a resource in meeting the student's documented need. While it is not supplementary, the Promise Scholarship can (and ideally will) be used to meet financial need not covered by other aid, or it can reduce the amount of loans the student would otherwise have had to assume.

Study Question: Did the Promise Scholarship affect the amount of grants/scholarships or the amount of loans awarded to needy recipients, compared to students who did not receive a Promise Scholarship?

Study Group. To determine whether the Promise Scholarship affected the amount of grants/scholarships or the amount of loans awarded to needy recipients, two groups of students were selected for analysis:

- 2000-01 Promise Scholarship recipients who were reported by institutions as having received any type or amount of need-based student financial aid during that academic year; and,
- A comparison group of non-Promise recipients who received financial aid during academic year 2000-01.

[10] Different living allowances are established for various groups of students, e.g., students who live with their parents while attending college, those who live in a campus dormitory or in an apartment, etc.

[11] Federal student loans are also available for students who do not qualify for need-based financial assistance. Loans assumed by students who do not qualify for "need-based" financial aid are not included in this analysis.

[12] Federal student loans may be used to finance the amount students and their families are expected to contribute toward college costs. Therefore student loans may be borrowed in excess of documented financial need.

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The comparison group was selected on characteristics that made them as similar to Promise Scholarship recipients as possible. They were first- or second-year students who were less than 21 years old and who were dependent on their parents for support. In addition, students in the comparison group had net family incomes that were 135 percent or less of the state's median family income, and they were financial aid recipients during the 2000-01 academic year. To ensure comparability, both study groups were limited to full-time students who attended the same institution through the full 2000-01 academic year.

Table 4-1

Characteristics – Promise Recipients and Comparison Group

Characteristic	Promise Recipients	Comparison Group
Received financial aid	✓	✓
First- or second-year student	✓	✓
Dependent on parents	✓	✓
Less than 21 years old	✓	✓
Family income up to 135% MFI	✓	✓
Full-time/Full-year at same school	✓	✓
High school academic performance	✓	

The one variable for which data were not available for the comparison group was high school academic performance.

Data Sources. Most of the analysis was based on quantitative data from the Promise Scholarship program's administrative database and from the year-end financial aid Unit Record Report[13] submitted by institutions. Qualitative data, as appropriate, was collected from a survey of 1999 and 2000 high school graduates who met academic criteria for the Promise Scholarship program.

Findings. Of the 5,314 students who received a Promise Scholarship during the 2000-01 academic year:

- 58 percent also received other federal, state, or institutional need-based student financial aid;
- 35 percent received assistance from another state program; and
- 26 percent received a State Need Grant.

[13] The student financial aid Unit Record Report is a student- and program-specific report of the types and amount of financial aid awarded to needy students attending Washington institutions in a given academic year. It provides comprehensive information about each financial aid recipient and the amount of aid awarded, by program.

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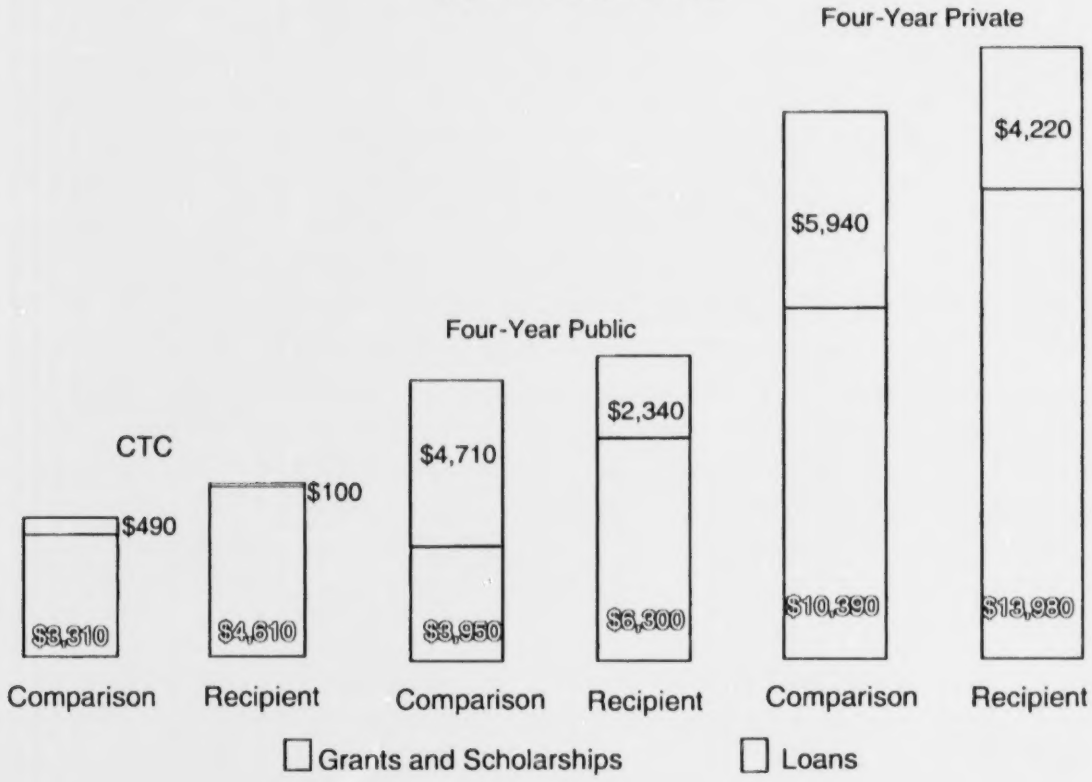
On average, at all types of institutions, Promise Scholarship recipients:

- Received more grants and scholarships than students in the comparison group; and
- Borrowed less than students in the comparison group.

Grants and Loans Received by Promise Scholarship Recipients and Comparison Group: by Type of Institution 2000-01 Academic Year



For information showing the financial aid awards of Promise Scholarship recipients and the comparison group by sector and by income level, see Appendix C.

Conclusion. Although the amount of grants and loans varied among sectors and for students with different incomes, aided Promise Scholarship recipients at all income levels and at all types of institutions received more grants and borrowed less than other students with similar circumstances.

Furthermore, 86 percent of the Promise recipients with family incomes up to $85,000 indicated in the student survey that they would have had to borrow more money to pay for college, had they not received the Promise Scholarship.

The Promise Scholarship program did, in fact, make college more affordable for recipients.

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CHAPTER 5: PROMISE SCHOLARSHIP RECIPIENTS AND THE FEDERAL HOPE SCHOLARSHIP TAX CREDIT

The legislation calling for the Promise Scholarship program evaluation directs the HECB to include "an analysis of other financial assistance Promise Scholarship recipients are receiving through other federal, state, and institutional programs, including grants, work study, tuition waivers, *tax credits*, and loan programs" (emphasis added).

Federal higher education tax credits are a relatively new benefit, having been introduced by the Taxpayer Relief Act of 1997 (TRA). The TRA authorized an array of federal income tax benefits designed to preserve and enhance access to higher education for students from middle-income families. The TRA's signature initiative, and the tax credit most likely to be claimed by Promise Scholarship recipients, is the Federal Hope Scholarship Tax Credit. Therefore, the analysis of tax credits available to Promise Scholarship recipients was based on eligibility for the Hope Scholarship.

The Hope Scholarship Tax Credit Program:

- Although it is called a scholarship, this program is actually a federal income tax credit available to taxpayers and their dependents who paid specified higher education costs during the prior tax year and who owe taxes.

- As summarized in the table on the following page, the Hope Tax Credit is available to first- and second-year college students who enrolled in a degree-granting program at least half-time during the tax year. It allows for a federal income tax credit of up to $1,500 for tuition and fees, less the amount of scholarships, grants, and tuition benefits received by a student. The credit may be claimed for each of the taxpayer's dependents who qualify, up to the full amount of taxes owed.

- The amount of the credit is a function of:

    - Family income;
    - The amount of taxes owed;
    - Tuition paid; and
    - The amount of grants and scholarships received.

Table 5-1

Major Provisions Federal Hope Scholarship Tax Credit Program			
Student Eligibility	• First two years of college • Two tax-years' limit • Enrolled in program leading to postsecondary degree or certificate • Enrolled at least half time • Not convicted during tax year of a felony for possessing or distributing a controlled substance		
Income Limits *Note: Incomes will be adjusted for inflation after tax year 2001*		Married, Joint Filer	Single Taxpayer
	Full Value	Up to $80,000 AGI	Up to $40,000 AGI
	Partial Value	$80,000 - $100,000 AGI	$40,000 - $50,000 AGI
	Not Eligible	AGI above $100,000	AGI above $50,000
Maximum Tax Credit per Eligible Dependent *Note: Maximum will be adjusted for inflation after tax year 2001*	• $1,500 (100 percent of first $1,000 tuition plus 50 percent of next $1000) • May be claimed for each income tax dependent who qualifies • May not exceed the amount of taxes owed		
Qualifying Expenses	Tuition and required fees (up to $2,000), less grants, scholarships, fellowships, or other tuition benefits		
Effect of Grants and Scholarships	Grants, scholarships, fellowships, or other tuition benefits are deemed to pay for tuition, dollar-for-dollar, unless: • Considered as taxable income by the IRS; or • The grant, scholarship, or fellowship must be applied, by its terms, to expenses other than tuition. Only the amount of tuition that exceeds grants, scholarships, fellowships, or other tuition benefits is used in calculating eligibility for the Hope Tax Credit.		

The Hope Tax Credit was established to make college affordable for middle-income families. Several features, as shown on the following table, distinguish it from traditional financial aid programs:

Table 5-2

Major Differences Between Traditional Financial Aid Programs and Hope Tax Credits		
	Financial Aid Programs	**Hope Tax Credits**
Target Population	Low- and middle-income students *(No income limit for student loans)*	Middle-income taxpayers
Eligibility	Documented financial need	Tax filers who owe taxes
Timing of Receipt	Current school year	Tax reporting year following payment of tuition
Recognized College Expenses	Tuition and fees, books, living costs	Tuition and fees
Amount	Up to the amount of documented financial need	• Up to $1,500 • Actual amount a function of family income, tax liability, tuition paid, and grants and scholarships received
Effect of Promise Scholarship	• Pays for current education expenses; • Helps meet financial need	Assumed to pay for tuition, dollar-for-dollar. Reduces amount of tuition eligible for tax credit.

Due to the differences between the tax credit and traditional student financial aid, as listed above, the extent to which Promise Scholarship recipients appeared eligible for a Hope Tax Credit was analyzed separately from the analysis of other student financial aid Promise Scholarship recipients received.

Promise Scholarship Recipients and the Federal Hope Tax Credit

The Promise Scholarship evaluation analyzed:

- The extent to which scholarship recipients appeared to qualify for a Hope Tax Credit;
- The extent to which receipt of the Promise Scholarship appeared to reduce or eliminate eligibility for the Hope Tax Credit, in effect displacing a federal benefit with state funds; and
- The extent to which students would have qualified for federal Hope Tax Credits if tuition, the Promise Scholarship, State Need Grant, and federal Pell Grant award amounts had been at 2002-03 levels.

For detailed information regarding the Hope Tax Credit analysis, see Appendix D.

Study Group. The Hope Tax Credit analysis was conducted using the records of 3,017 students who first received Promise Scholarships during the 2000-01 academic year. Where appropriate for purposes of this discussion, results were extrapolated to the full 2000-01 Promise Scholarship recipient population.

Data Sources. Actual tax documents reporting who claimed the Hope Tax Credit were not available for this study. Therefore, student eligibility and the value of Hope Tax Credits available to Promise Scholarship recipients were estimated, using:

- Income and tax information provided by Promise recipients as a part of their scholarship application;
- 2000-01 tuition at the institution attended; and
- Grants and scholarships awarded to recipients, as reported by institutions in the 2000-01 year-end financial aid Unit Record Report.

Assumptions. The analysis assumed that:

- Tax liability would be the same as in the year for which the student applied for the Promise Scholarship;
- The Hope Tax Credit would be the first credit claimed by eligible taxpayers;
- Promise recipients did not receive scholarships other than those reported on the Unit Record Report; and
- Families who qualified for the federal Hope Tax Credit would claim it on their income tax returns.

These assumptions could potentially result in a slight overstatement of the Hope Tax Credit.

Study Question 1: To what extent did 2000-01 Promise Scholarship recipients appear to be eligible for the federal Hope Tax Credit?

Finding 1. Approximately 54 percent of the 3,017 entering freshmen who first received scholarships in the 2000-01 academic year appeared to be eligible for a Hope Tax Credit. Tax credits received by individual students ranged from $1 to $1,500, depending on the amount of tuition paid, the amount of grants and scholarships received, family income, and taxes owed.

Based on that finding, an estimated 3,000 of all 5,314 Promise Scholarship recipients in academic year 2000-01 would have been eligible for Hope Tax Credits totaling approximately $2.4 million.

Finding 2. Eligibility for the Hope Tax Credit varied by family income. The income distribution of Promise Scholarship recipients who qualified for the tax credit was not the same as the distribution of Promise Scholarship recipients in general.

The following table compares the percentage of Promise recipients to the percentage of those who were estimated as eligible to receive a Hope Tax Credit, by income group. As shown below, recipients with incomes up to 55 percent median family income (MFI) represented 25 percent of all Promise recipients, but only 6.5 percent of those who were eligible for a Hope Tax Credit. Conversely, students with incomes between 101 percent and 135 percent MFI represented 34 percent of the Promise recipients, but 51 percent of the Promise recipients who were eligible for a Hope Tax Credit.

Table 5-3

Income Distribution of Cohort 2000 Promise Scholarship Recipients, Compared to Income Distribution of Promise Scholarship Recipients Who Qualified for Hope Tax Credit 2000-01 Academic Year

Income Distribution	Up to 50% MFI		51-55% MFI		56-65% MFI		66-100% MFI		101-135% MFI	
	#	%	#	%	#	%	#	%	#	%
# and % of All Promise Scholarship Recipients N= 3,017	658	21.8	110	3.6	225	7.5	1,006	33.3	1,018	33.7
# and % of Promise Scholarship Recipients Who Qualified for Hope Tax Credit N= 1,716	83	4.8	30	1.7	90	5.2	638	37.2	875	51.0

0-55% MFI	56-100% MFI	101-135% MFI
25.4% of the Promise Recipients 6.5% of the Hope Recipients	40.8% of the Promise Recipients 42.2% of the Hope Recipients	33.7% of the Promise Recipients 51% of the Hope Recipients

Study Question 2: To what extent did Promise Scholarship awards reduce or eliminate recipients' eligibility for a federal Hope Tax Credit?

Finding 1. Since the Promise Scholarship is deducted from the price of tuition before eligibility for a Hope Tax Credit is calculated, in some cases the scholarship has the effect of reducing or eliminating the tax credit. Except for students attending low-cost institutions, reductions in the Hope Tax Credit were not consistent for any one population group.

- With receipt of the Promise Scholarship, the amount of the tax credit was most reduced for students with moderate incomes and for recipients who attended institutions with low or moderate tuition.
- Few low-income Promise Scholarship recipients qualified for a Hope Tax Credit, because they had low/no tax liability and because they tended to qualify for larger amounts of need-based grants. Conversely, Promise recipients with family incomes between 101 percent and 135 percent of the state's median family income were much more likely to qualify for a Hope Tax Credit than their lower-income peers.

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- Moderate-income students who attended private four-year, or public research universities tended to qualify for a full tax credit. They were eligible for a smaller tax credit at public comprehensive universities, and only a minimal tax credit at community and technical colleges.
- Highest income Promise Scholarship recipients (those with incomes between 101 percent and 135 percent of the median family income) who attended higher-cost institutions got the benefit of both the scholarship and a full tax credit.

Finding 2. Some Promise recipients who qualified for the Hope Tax Credit could have claimed larger tax credits had they not received the Promise Scholarship. For these students, state appropriations effectively reduced a federal benefit the family would have otherwise received.

Had the Promise Scholarship not been awarded in academic year 2000-01, recipients could have claimed an additional $1.6 million in federal Hope Tax Credits. On average, every $5 in state appropriations for the Promise Scholarship program resulted in a reduction of $1 in federal Hope Tax Credits that could have otherwise been claimed.

However, the tax credit "displacement" was not dollar-for-dollar. As shown in Table 5-4 below, even considering the amount of foregone tax credits, Promise recipients experienced a net gain of $6.3 million because they received the state-provided scholarship.

Table 5-4

Estimated Hope Tax Credits With and Without Promise Scholarship 2000-01 Academic Year			
	With Promise Scholarship	Without Promise Scholarship	Difference
Hope Tax Credit	$ 2.4 million	$4.0 million	($1.6 million)
Promise Scholarship	$ 7.9 million	$0	$7.9 million
Total Available to Students	$10.3 million	$4.0 million	$6.3 million

Study Question 3: What would have been the impact on Hope Tax Credit eligibility had tuition and fees and the Promise Scholarship award amount been at 2002-03 levels?

Finding. Had tuition and fees and award amounts for the Promise Scholarship, State Need Grant, and federal Pell Grant been at 2002-03 levels, an estimated 244 more students would have qualified for the Hope Tax Credit, and many recipients could have claimed larger tax credits.

This evaluation used data from the 2000-01 academic year. In the 2002-03 academic year, tuition is higher, and the maximum Promise Scholarship is lower[14] than in the year evaluated. Additionally, State Need Grant and federal Pell Grant awards were increased for the 2002-03 academic year. These changes all affect eligibility for the federal Hope Tax Credit.

[14]The Promise Scholarship was $1,542 in 2000-01, the year evaluated. In 2002-2003, the Promise Scholarship is $948.

To estimate the impact of these changes, the analysis applied 2002-03 values to the 2000-01 study group, holding all other variables[15] constant.

The following table compares the number of Promise Scholarship recipients estimated to qualify/not qualify for a federal Hope Tax Credit using 2000-01 and 2002-03 tuition, Promise Scholarship, State Need Grant, and federal Pell Grant award amounts.

Table 5-5

Estimated Eligibility for Federal Hope Tax Credit 2000-01 and 2002-03 Academic Year Promise Scholarship Recipients		
	2000-01	**2002-03**
Qualified	2,884	3,128
Did Not Qualify		
• AGI exceeded maximum for Hope Tax Credit	77	77
• Eligible tuition after grants and scholarships $0	1,646	1,402
• Tax liability $0	707	707

The increase in the number of students estimated to qualify for the Hope Tax Credit in 2002-03 was a function of increases in tuition and a decrease in the Promise Scholarship award amount. In general, increases in State Need Grant and federal Pell Grant award amounts did not result in a significant change in eligibility for, or the amount of, Hope Tax Credits, since these awards are directed at the lowest-income population that tends not to benefit as much from the Hope Tax Credit as higher-income students.

Conclusion. Many factors determine whether Promise Scholarship recipients will qualify for a federal Hope Tax Credit. Whether they qualify, and the amount of the tax credit, varies for all but the lowest-income students. Except for students attending low-cost institutions, reductions in the value of the Hope Tax Credit were not consistent for any one population group.

If eligibility criteria for the Promise scholarship were changed to ensure that the Hope Tax Credit would not be reduced, the result would be that many students would end up with neither. Such a change would limit the Promise Scholarship to only the lowest-income students.

Timing is also an issue. The Promise Scholarship is awarded during the current school year, when expenses are realized; the Hope Tax Credit is not available until tax forms are filed the year after tuition is paid. Families do not know their eligibility for the tax credit until they file their income tax returns, and may not equate the reduction in taxes owed to money available to pay for college tuition.

Both the Promise Scholarship and Hope Tax Credit programs have been available for only a short time. Little is known about the extent to which families actually claim the credit. It is too soon to recommend a change in eligibility criteria for the Promise Scholarship program because of a federal tax benefit that some recipients may qualify to receive.

[15]Variables held constant include family filing status, adjusted gross income, tax liability, grants and scholarships other than Pell, State Need Grant, and Promise, and Hope Tax Credit income cut-offs.

CHAPTER 6: PROMISE SCHOLARSHIP-ELIGIBLE STUDENTS WHO DID NOT ENROLL DUE TO INSUFFICIENT FINANCIAL AID

As a part of its evaluation of the Promise Scholarship program, the Board was asked to determine the extent to which students who were eligible to receive the Promise Scholarship were unable to attend college because they did not qualify for financial aid or because financial aid was insufficient.

Data were not available on the types or amount of financial aid offered to students who qualified academically for a Promise Scholarship but who did not attend a Washington college or university the year following high school graduation. Therefore, this question was addressed through the student survey. Students who were identified as being in the top 15 percent of their high school graduating classes who did not attend college the year following high school graduation were asked why they did not attend.

Study Question: To what extent did students who met academic eligibility criteria for the Promise Scholarship not attend college because they did not qualify for financial aid or because financial aid was insufficient?

Study Group. The study group for this analysis consisted of 1999 and 2000 high school graduates who were identified as being academically eligible to receive the Promise Scholarship, but who did not attend college the year after high school graduation.

Data Sources. Data for this analysis was taken from a survey of academically eligible non-applicants, decliners, and scholarship recipients. This part of the analysis was based on responses from students who indicated that they did not attend college the year after they graduated from high school.

Finding 1. More than 94 percent of Promise-eligible students attended college the year after they graduated from high school (compared to an estimated 60 percent college-attendance rate for high school seniors overall). Therefore, Promise Scholarship recipients were much more likely than other students to pursue education beyond high school.

Finding 2. Six percent of the academically eligible students did not enroll in college the year after high school graduation. They indicated several reasons for non-attendance:

- 61 percent indicated they had not planned to attend college right after high school.
- About half (3 percent of all academically eligible students) cited lack of money as one of the reasons they did not attend college the year after high school.
- There were other reasons for not attending. They included:
    - Family obligations (1.6 percent of all academically eligible students);
    - Not receiving the Promise Scholarship (0.7 percent of the academically eligible);
    - Other reasons (0.8 percent).

Conclusion. Lack of financial aid did not appear to be a significant impediment for Promise-eligible students.

CHAPTER 7: ACADEMIC ELIGIBILITY CRITERIA

One of the goals of the Promise Scholarship program is to encourage meritorious high school achievement. To receive the scholarship, otherwise eligible students[16] must:

- Be in the top 15 percent of their high school graduating classes; or
- Score at least 1200 on the SAT on the first attempt; or
- Score at least 27 on the ACT on the first attempt.

Of the Promise Scholarship recipients who graduated from high school in 2001, and who were first awarded scholarships in academic year 2001-02, 94 percent met the academic standard on the basis of their "Top 15 percent" status, and 6 percent qualified based on their SAT I scores.[17] Since the preponderance of recipients qualified based on the Top 15 percent criterion, the following discussion regarding academic eligibility criteria is in comparison to that eligibility standard.

Other standards could be used to determine academic eligibility. Some states, for example, establish eligibility for their merit aid programs on the attainment of a specified high school grade point average. In Washington, it has been suggested that eligibility be linked to passing the 10th-grade Washington Assessment of Student Learning (WASL) examination.

The 10th-grade WASL was not administered statewide when the Promise Scholarship was first established. However, now that it is required, the test could potentially be used to determine academic qualification for the Promise Scholarship.

This analysis considered four questions:

(1) How did students in the 2001-02 Top 15 percent group perform on their 10th-grade WASL compared to all 10th-grade students who took the WASL in 1999?

(2) What would have been the effect of using the 10th-grade WASL, *in lieu of* the Top 15 percent standard, as the academic criterion for the Promise Scholarship?

(3) What would have been the impact of requiring Promise Scholarship recipients to be in the Top 15 percent of their senior class *and* pass the 10th-grade WASL?

(4) What would have been the impact of allowing students to meet the academic qualification using *either* the Top 15 percent *or* the WASL criteria?

Study Group. The analysis focused primarily on the high school class of 2001, who took the 10th-grade WASL in 1999.

[16] To receive a Promise Scholarship, an academically eligible student must have a family income that is 135 percent or less of the state's median family income and attend a postsecondary institution in the state of Washington.

[17] Eligibility based on the SAT or ACT was established primarily to accommodate home-schooled and private school students. The ACT was added as an academic eligibility criterion for the 2002-03 academic year.

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Data Sources. The Office of the Superintendent of Public Instruction (OSPI) provided the Higher Education Coordinating Board (HECB) with the names and identification information for students in the top 15 percent of their respective 2001 graduating classes. In addition, OSPI provided demographic and WASL performance data for students who took the 10th-grade WASL at a public school in 1998-99.

Assumptions

- **Schools that did not participate in the 1999 10th-grade WASL.** In 1999, the first school year in which the 10th-grade WASL was administered statewide, local school districts had the option to participate. Two large districts – Evergreen and Vancouver, both in Clark County – did not participate that year.

  The study assumed that students in those districts would have passed the WASL at the same rate as students statewide, and factored the estimated numbers into the analyses.

- **Income information**. Not all students in the Top 15 percent of their classes apply for, and receive, the Promise Scholarship. Family income information is available only for academically eligible students who applied for the scholarship. Consequently, family income information was not available for Top 15 percent students who did not apply for the Promise Scholarship or for students who took the WASL.

  The analysis assumed that the income profile of all 10th-grade WASL passers would be similar to the income profile of the Top 15 percent WASL passers, and that similar percentages of 10th-grade WASL passers would apply, meet the income standard, and accept the Promise Scholarship as the Top 15 percent WASL passers who applied, met the income standard, and accepted the scholarship.

- **WASL test.** The 10th-grade WASL consisted of four tests – mathematics, reading, writing, and listening. A student must have met the standard for all four tests to be considered to have passed the WASL.

- **WASL pass rate**. The 10th-grade WASL was first administered statewide in 1999. To the extent that the pass rate improves in subsequent years, the findings in this analysis will understate the impact of using the WASL as the academic eligibility criterion for the Promise Scholarship program.

Study Question 1: How did students in the 2001-02 Top 15 percent group perform on their 10th-grade WASL, compared to all 10th-grade students who took the WASL in 1999?

Finding. Students in the Top 15 percent group were much more likely to pass the WASL than all 10th-grade test-takers. As shown in Table 7-1, of the 8,275 Top 15 percent students who took the 10th-grade WASL in 1999, 65 percent (5,367) passed all four WASL tests. By way of comparison, of the 64,418 10th-grade students who took the 10th grade WASL in 1999, approximately 23 percent (14,709) passed all four tests.

Table 7-1

Comparison of WASL Performance in 1999: Top 15% and All 10th-Grade Students				
	Top 15%		All 10th-Grade Students	
Number in group	10,287		67,062	
Number who took the WASL	8,275		64,418	
Number/percent who passed all four WASL tests	5,367	64.9%	14,709	22.8%

Although a much smaller percentage of all WASL takers passed all four WASL tests, the number of passers is much larger than the number of passers who were in the Top 15 percent group.

Study Question 2: What would have been the effect of using the 10th-grade WASL, *in lieu of* the Top 15 percent standard, as the academic criterion for the Promise Scholarship?

Finding 1. Had the 10th-grade WASL been used instead of the Top 15 percent standard to establish Promise Scholarship eligibility for 2001 high school graduates, an estimated additional 1,350 students would have received scholarships (a 45 percent increase).

It would have cost nearly $1.8 million more than appropriated to provide these additional students with the same average scholarship amount as awarded to recipients in the 2001-02 academic year. The increased cost would have nearly doubled (to $3.6 million) by the second year, when this larger number of recipients renewed their scholarships and the next class of graduating seniors was awarded.

Conversely, had 1,350 recipients been added to the program in 2001-02 without additional appropriations, the average award for all recipients would have dropped from approximately $1,350 to an average of $1,110, reducing the average scholarship by $240. The following year, assuming that the funding level and the student renewal rate remained constant, the average scholarship would have been reduced to an estimated $960.

Finding 2. Use of the WASL as the academic eligibility criteria standard would have resulted in a slight change in the distribution of recipients by gender, and only minimal change in the distribution by race/ethnicity.

- A higher percentage of male students, and a smaller percentage of female students would have met the academic qualification, had eligibility been based on the WASL.

Table 7-2

Percent of Academically Qualified, by Gender WASL Compared to Top 15%		
	Top 15%	WASL
Male	36%	45%
Female	64%	55%

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- The distribution of recipients by race/ethnicity would have changed minimally, using the WASL:
  - About 4 percent more white students would have qualified academically, using the WASL;
  - Asian/Pacific Islanders would have represented about 3 percent less of the academically eligible population using the WASL;
  - All other categories of race/ethnicity would have been approximately the same using either the Top 15 percent or the WASL as the academic eligibility criterion.

Table 7-3

Percent of Academically Qualified, by Race/Ethnicity WASL Compared to Top 15%		
	Top 15%	WASL
White	81%	85%
Asian/Pacific Islander	11%	8%
Others	8%	7%

Finding 3. Use of the WASL in lieu of the Top 15 percent as the academic standard for Promise Scholarship eligibility would have resulted in a redistribution of recipients by county and by school district.

- Had the WASL been used as the academic eligibility standard in 2001-02:
  - A much higher percentage of qualifiers would have come from King County (an estimated 33 percent, compared to the current 25 percent);
  - Five other counties would have experienced a small increase in the percentage of qualifiers; and
  - Twenty-four counties (in particular Pierce and Yakima) would have had a smaller percentage of academically qualified students;
  - Nine counties would have had about the same percent of qualifiers.

Changes in the distribution by county, while important, mask changes that occur at the school district level. School districts would also have experienced changes in the percentage of qualifying students, and those changes are not necessarily the same as changes by county.

For example, while a much larger percentage of qualifiers would have come from King County if the WASL had been used as the academic standard, not all school districts in King County would have experienced an increase. The Seattle school district would have had a smaller percentage share of the qualifiers, while the Bellevue school district would have had a larger share.

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Study Question 3: What would have been the impact of requiring Promise Scholarship recipients to be in the Top 15 percent of their senior classes *and* pass the 10th-grade WASL?

Finding. Had the Promise Scholarship program required 2001 high school graduates to be in the Top 15 percent of their senior classes *and* pass all four 10th-grade WASL tests, an estimated 1,400 fewer students would have been awarded.

Study Question 4: What would have been the impact of allowing students to meet the academic qualification using *either* the Top 15 percent *or* the WASL criteria?

Finding. Had students been able to meet the academic criterion for the Promise Scholarship *either* by being in the Top 15 percent of their graduating classes *or* by passing the WASL, an estimated 2,700 more students in the high school class of 2001 would have qualified. The added cost of serving these students in academic year 2001-2002 would have been about $3.7 million.

Conclusion. Arguments could be made for using either the Top 15 percent or the WASL as the academic standard for Promise Scholarship eligibility. Both have advantages and disadvantages. Perhaps one of the greatest advantages of the Top 15 percent eligibility criterion is that it provides the opportunity for students from every high school – urban and rural, large and small, public and private – to receive the scholarship, if they meet the income criteria and attend a Washington college or university. If the WASL were used to establish eligibility, the distribution of recipients by county, and by school, would be changed.

Data to estimate the impact of using the WASL as an academic criterion for Promise Scholarship eligibility were available only for the first year in which the 10th-grade WASL was offered statewide. Use of the WASL as an academic criterion for Promise Scholarship eligibility should be studied further, as the WASL is further developed and as students and the state gain more experience with the test and longer-range data become available. However, the WASL should not replace the Top 15 percent as the academic eligibility standard at this time.

CHAPTER 8: OTHER CONSIDERATIONS

As a part of its review of the Promise Scholarship program, the Board evaluated the extent to which the current program design supports achievement of statutory goals, and whether modifications might improve program efficiency and/or effectiveness. Following is a summary of those issues, and the Board's conclusions.

Study Question: To what extent did the Promise Scholarship program influence high school achievement?

Finding 1. Because the program was implemented as the first group of recipients graduated from high school, students did not learn about the program in time for it to influence high school achievement. However, by the program's second year, 68 percent of the recipients had heard about the Promise Scholarship before or during their senior year in high school. Seventy-one percent of the recipients reported that knowing there was a possibility of receiving a Promise Scholarship caused them to work harder academically in high school.

Finding 2. Fifty-nine percent of the high school counselors who responded to the study survey agreed that recipients who knew about the program worked harder in school. However, many counselors said they did not tell students about the Promise Scholarship program because program continuation and funding were uncertain.

Study Question: What was the impact of the Promise Scholarship program on college participation and performance?

Finding. Students who were in the Top 15 percent group attended college at a high rate, and Promise Scholarship recipients performed well in college.

- 94 percent of the students in the Top 15 percent group attended college the year after high school.
- 63 percent of the recipients said receiving the Promise Scholarship influenced their decision to attend in-state schools.
- 92 percent of the recipients enrolled full-time.
- 90 percent had a 2.5 or higher grade point average at the end of the first year in college.
- 94 percent of the recipients returned to college the second year.

Study Question: Should the Promise Scholarship program have a different income cut-off?

Finding. The current income cut-off focuses the program on low- and middle-income students. An income limit allows the state to target its resources on students for whom college affordability is an issue. This policy safeguards against investing large amounts of state resources to provide scholarships to students who could, and would, attend college without the scholarship, an outcome that has been experienced in other states that have programs with no income limit.

Study Question: Are there factors that appear to diminish the impact of the program on student behavior?

Finding. The program's ability to influence high school achievement and college participation has been limited by its lack of predictability and by the declining scholarship amount.

- High school counselors have indicated their reluctance to tell students and families about the program unless they are confident that it will be funded when students graduate from high school.
- As the scholarship declines in value, it will have less influence on student behavior in high school and on students' decisions to attend in-state colleges and universities.

Conclusions. The Promise Scholarship program is effectively responding to statutory goals. It should be continued with essentially the same criteria. However, the program must be predictable and stable if it is to influence – and not just reward – student behavior.

Funding should support scholarships that are equivalent to full-time community college tuition.

This evaluation provided an examination of the program's first two years. The Promise Scholarship program should be evaluated again after three or four groups of recipients have graduated with baccalaureate degrees.

Appendix A

PROMISE SCHOLARSHIP RECIPIENT PROFILE

	1999 Cohort		2000 Cohort	
	#	%	#	%
Applicants:	2708		3687	
Sex – F	1780	66%	2371	64%
M	928	34%	1316	36%
AGI –				
<=50%MFI	644	24%	869	24%
>50% & <=100%MFI	971	36%	1563	42%
>100%MFI	1078	40%	1242	34%
Missing	15	1%	13	0%
Recipients:	2164		3225	
Sex – F	1444	67%	2071	64%
M	720	33%	1154	36%
AGI –				
<=50%MFI	516	24%	777	24%
>50% & <=100%MFI	837	39%	1401	43%
>100%MFI	811	37%	1047	32%
Missing	0	0%	0	0%
Sector Attended –				
Research	778	36%	1111	34%
Comprehensive	386	18%	584	18%
CTC	606	28%	997	31%
Private 4-Yr	343	16%	463	14%
Private Career School	18	1%	21	1%
Multiple Sectors	33	2%	49	2%
Load –				
Full-time	1997	92%	2950	91%
Part-time	167	8%	275	9%

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Appendix B

DATA SOURCES

The Promise Scholarship evaluation used data from six major sources. These include the Promise Scholarship program administrative database and the student financial aid Unit Record Report database, both of which reside at the Higher Education Coordinating Board (HECB); Washington Assessment of Student Learning (WASL) data from the Office of the Superintendent of Public Instruction (OSPI); a survey of students identified as being academically eligible for the Promise scholarship; data from postsecondary institutions attended by Promise Scholarship recipients; and a survey of high school counselors. These sources are described in greater detail below.

- **Promise Scholarship Program Administrative Database**. The HECB maintains a Promise Scholarship program administrative database. This database includes student-level information on Promise Scholarship eligibility and participation. In particular, it includes information on students who were academically eligible; who applied for the scholarship; who were offered the scholarship; and who accepted the scholarship. Additionally, for those who applied, the database contains student demographics and family income information. For those who received an award, the database includes information on which college or university the student attended; the quarter/semester terms for which they enrolled and received an award; and the amount of scholarship funds they received.

  At the start of this evaluation, the database included information on students from the high school graduating classes of 1999, 2000, and 2001. However, because only the first two study groups had completed at least one full year of college or university, most of the evaluation's findings are based on the experiences of students from those two cohorts. The only analysis that used information on 2001 first-year recipients was the review of student performance on the 10th-grade Washington Assessment of Student Learning (WASL) program.

  Table B-1, below, provides the number of students, by status, during the first year of their eligibility for the Promise Scholarship. Definitions for each status follow.

Table B-1

Total Number of Students by Promise Scholarship Status and Cohort Year

Population	Cohort 1999	Cohort 2000	Cohort 2001
Non-Applicants	4,066	6,784	7,018
Applicants (for first year of eligibility)	2,708	3,687	3,186
Eligibles (met academic, income, and school requirements)	2,265	3,450	3,381
Recipients (for first year of eligibility)	2,164	3,225	3,186
Decliners (for first year of eligibility)	101	225	195

Source: Promise Scholarship program administrative database

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Non-applicants are students who were identified by their high school as being academically eligible for the scholarship but who did not apply in their first year of eligibility.[1] For the 1999 graduating class, the criterion was ranking in the Top 10 percent of the graduating class while for the 2000 graduating class, the criterion was ranking in the Top 15 percent. In addition to being academically qualified, students' family incomes could not exceed 135 percent of the state's median family income, and students were required to attend an in-state college or university at least half time, and be working toward a certificate or degree.

Applicants are students who submitted an application for their first year of eligibility, whether or not they completed the application process. Some of the students began the application process but did not submit all of the required materials; their applications remained incomplete. Nevertheless, these students were counted in the applicant pool.[2]

Eligibles are students who were academically eligible, completed the application, had family incomes that did not exceed the maximum, and, at the time of application, intended to attend an in-state college or university. Although all Eligibles were offered a Promise Scholarship, ultimately not all accepted it.

Recipients are students who were offered and accepted the Promise scholarship during their first year of eligibility. Some of these students attended college or university for less than a full year and received a pro-rated award for the terms they attended.

Decliners are students who applied and were determined eligible. Although offered the scholarship, they turned it down in their first year of eligibility. Some of these students applied again in the second year and accepted the scholarship.

- **Unit Record Report (URR).** The HECB annually collects student-level data from institutions that participate in state financial aid programs. The resulting database is called the student financial aid Unit Record Report. It includes demographic and financial aid information on each student who received need-based financial aid during the prior academic year. At the time of this evaluation, the most current year's data were for the 2000-01 school year. Consequently, analysis involving the financial aid experiences of students was limited to the 1999-00 and 2000-01 academic years.

[1] The numbers of non-applicants in the table are from the Top 10 percent/Top 15 percent lists only; numbers do not include students who qualified academically with SAT scores. There are two reasons for this exclusion. First, demographic data on SAT qualifiers is incomplete. Second, the SAT criterion was added in the second year of the program primarily for students who were not a part of a high school, in particular, those who are home-schooled.

[2] Unlike the number of non-applicants, the number of applicants includes those who met academic eligibility criteria by class ranking or by SAT scores. Students have two years of eligibility. Some students who chose not to apply for their first year did so in their second year. There are 61 Cohort 1999 and 33 Cohort 2000 students who applied for the first time in year 2 of their eligibility. Most of the analyses on applicants include year 1 applicants only; the report clearly states when all applicants are included.

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Table B-2

Number by Cohort, Recipient Status, and Unit Record Database Match Status

	# Match with 99-00 URR	# Match with 99-00 & 00-01 URR	# Match with 00-01 URR	#No Match with URR
Cohort 1999				
Year 1 Recipients	280	1,077	85	722
Year 2 Only Recipients	3	18	21	33
Not A Promise Recipient	65	127	26	312
Cohort 2000				
Year 1 Recipients	0	15	1892	1318
Year 2 Only Recipients	1	1	19	61
Not A Promise Recipient	0	3	65	342

- **Promise Student Survey**. The HECB contracted for the administration of a survey of Cohort 1999 and Cohort 2000 students. The survey focused on a number of issues, including the impact of the Promise Scholarship on students' academic performance and decisions regarding college or university the year following graduation from high school.[3] The survey was limited to the three categories of students defined under the Promise Scholarship program administrative database data source: non-applicants, recipients, and decliners.

  Survey requests went to a *sample* of the non-applicants and the *population* of first-year-eligible recipients and first-year-eligible decliners. The table below presents the numbers of those surveyed, the numbers responding, and the resulting response rate.

Table B-3

Number of Students Surveyed and Response Rate by Group

Group	#In Population	# Surveyed	# Responded	Response Rate
Non-Applicants	10,850	6,489	1,152	18%
Recipients, Year 1	5,389	5,389	1,174	22%
Decliners, Year 1	326	326	72	22%

Source: Promise student survey.

- **Institution survey**. The HECB surveyed institutions for academic outcome data on Promise recipients who enrolled during the 1999-00 and 2000-01 academic years. Institutions were asked to provide year-to-date credits earned and cumulative GPA information by student and academic year.

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[3] A copy of the student survey is appended to this report as Attachment 1.

Table B-4, below, details by sector the number of institutions that were surveyed, the number of students for whom data were requested, the number of institutions that responded, and the number of students for whom data were provided.

Table B-4

Institution Survey

Sector	# Institutions Surveyed	#Students for Whom Data Requested	# Institutions Responded	# Students for Whom Data Provided
Public 4-Year	6	3,045	6	3,036
CTC	35	1,828	35	1,806
Private 4-Year	13	858	10	794
Total	54	5,731	51	5,636

Source: Promise Scholarship administrative database and Institution Survey.

To simplify the analysis, the data were limited to students' performance in the last college or university attended during the first year following high school graduation. The resulting dataset included 5,290 students; the details are in the table below. All data elements were not available for all these students, e.g., The Evergreen State College (TESC) does not give grades, therefore, although there is course credit information for TESC students, there is no grade point average information.

Table B-5

Number of Institutions and Students in Analysis, by Sector

Sector	# Institutions Included	#Students Analyzed
Public 4-Year	6	2,885
CTC	34	1,649
Private 4-Year	10	756
Total	50	5,290

Source: Promise Scholarship administrative database and Institution Survey.

- **Counselor Survey**. High school counselors were surveyed to elicit information regarding when and how they informed students about the Promise Scholarship program and their opinions regarding the impact of the program on students' academic performance and college aspirations and choices. One hundred twenty-two high school counselors or administrators responded to the Web-based survey.[4]

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[4] A copy of the high school counselor survey is appended to this report as Attachment 2.

- **WASL Database**. OSPI maintains a WASL database, which includes student-level data for each WASL administration. For the first time in the spring of 1999, all schools were asked to participate, although voluntarily, in the 10th-grade WASL program. The 10th-grade WASL consisted of four tests—mathematics, reading, writing, and listening. A student may be in the WASL database but not have taken one or more of the four tests. OSPI has categorized reasons for not taking a test as follows:

    1. Absent, not tested
    2. IEP, exempt
    3. No longer enrolled, exempt
    4. Incomplete, not tested
    5. Refusal, not tested
    6. ESL, exempt
    7. Invalidated, not tested

  In calculating WASL pass rates, OSPI did not include in the denominator those students who were exempted (2, 3, 6), but included all others.

  OSPI provided the HECB with spring 1999 10th-grade WASL performance data on more than 67,000 students. Of the 10,287 Cohort 2001 Top 15 percent academically eligible students, OSPI was able to match 8,334 to a WASL record. In some instances, Top 15 percent students could not be matched to the WASL records due to difficulties of matching by name (the method used by OSPI), and the lack of WASL information in the OSPI database for private school students, and for students whose districts or schools did not participate in the spring 1999 10th-grade WASL program.

Appendix C

OTHER FINANCIAL AID FOR PROMISE SCHOLARSHIP RECIPIENTS

The analysis of other financial aid received by Promise Scholarship recipients, and the effect of the Promise Scholarship on the amount of grants, scholarships, and loans awarded to scholarship recipients was limited to students who received need-based student financial aid. Quantitative data for the analysis was provided by the student financial aid Unit Record Report (URR). The URR database contains information only for students who received financial aid on the basis of documented financial need. Therefore, this analysis is limited to Promise Scholarship recipients who were awarded any other type or amount of financial aid based on need.

Where appropriate, the analysis took into account qualitative information about the impact of the scholarship on student financing of higher education. Qualitative information was collected from a survey of 1999 and 2000 high school graduates who met academic criteria for the Promise Scholarship program.

To do the analysis, student information from the Promise administrative database was combined with financial aid data from the Unit Record Report. Financial aid awarded to a comparison group of need-based financial aid recipients was used to assess whether the financial aid experiences of Promise recipients were typical of other aided students.

This analysis used the most current Unit Record data available, which was for the 2000-01 academic year. To avoid the complications of involving two different academic years in which tuition and financial aid amounts differed, this analysis was limited to students who received a Promise Scholarship during the 2000-01 school year. The analysis was limited to full year, full time Promise recipients who attended one institution only during the 2000-01 academic year.[5] The comparison group was restricted to dependents in their first or second year of college (i.e., freshmen and sophomores) under the age of 21, whose net family incomes were at or below 135 percent of the state's median family income.[6]

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[5] In addition, the analysis excluded students who attended private career schools, since a very small number (19) of Promise recipients attended schools in that sector.

[6] The year-in-school and age restrictions were not applied to the Promise students. Although a few Promise recipients were independent, and a few were considered as being in a class level higher than second year (as a result of pre-college credits earned through programs such as Running Start and AP), their financial aid experiences were expected to be more like freshmen and sophomores than juniors or seniors despite their grade designations. The number of such students is relatively small.

Dependency Status		Year in School	
Dependent	2,701	1	1418
Independent	46	2	986
		3	290
		4	51
		5	2

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The resulting numbers of students in each group, by sector, is shown in the table below. Because the distribution of the two groups by sector differs, any analysis that combines students from different sectors could be biased. However, nearly all of the analyses are disaggregated by sector; therefore, the effects of this limitation are mitigated.

Table C-1

Number of Need-Based-Aided Promise Recipients & Comparison Students by Sector, 2000-01

Sector	Promise Recipients	Comparison Students
Research	1,020	2,531
Comprehensive	505	2,083
Private 4-year	721	2,804
CTC	501	4,765
TOTAL	2,747	12,183

Source: Promise Scholarship administrative database and Unit Record Report database.

The following charts show the average amount of financial aid received by Promise Scholarship recipients and students in the comparison group during the 2000-01 academic year.

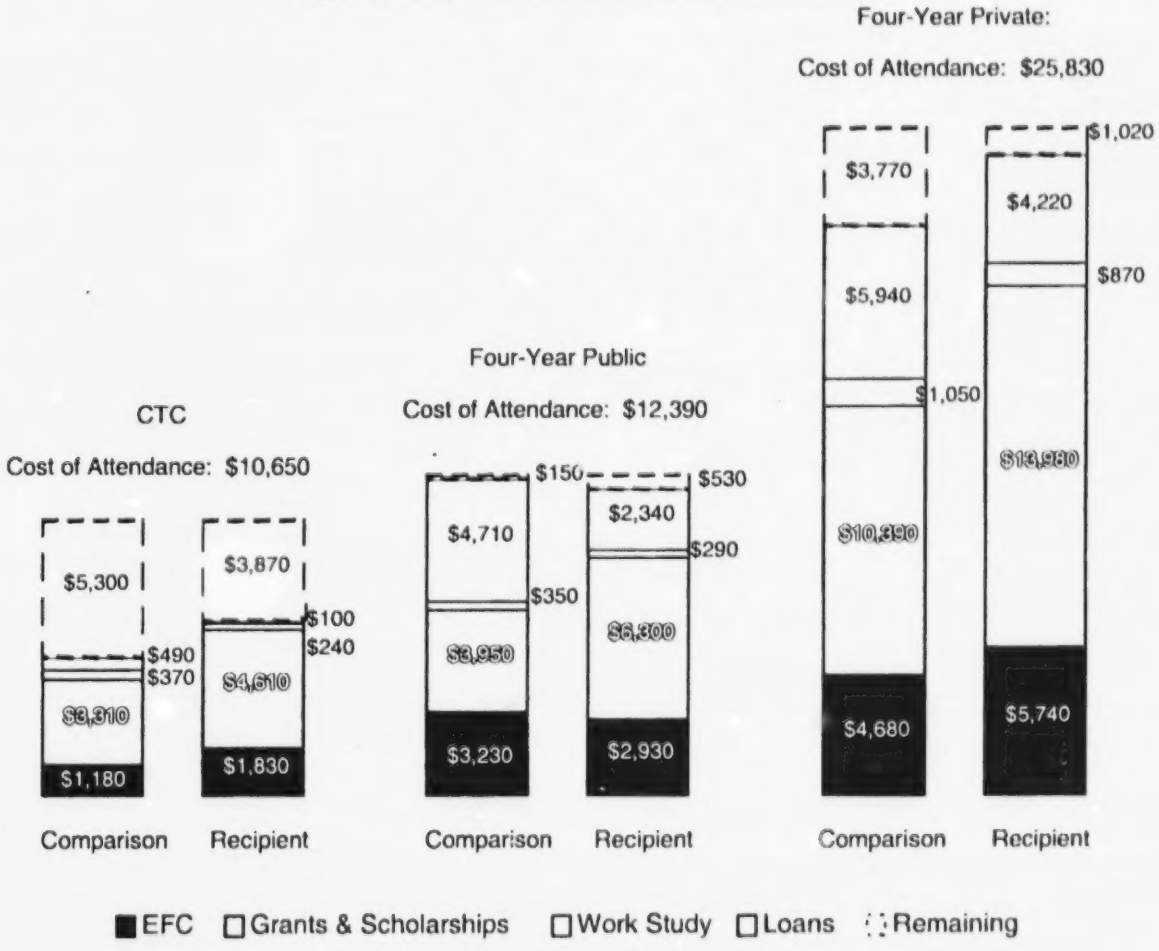
Chart 1 provides averages for all students enrolled in each institution type, and Charts 2 through 4 provide information for each sector, by family income category.

- **During the 2000-01 academic year, on average, at all types of institutions, Promise Scholarship recipients**:
  - Received more grants and scholarships than students in the comparison group;
  - Borrowed less than students in the comparison group.

This would indicate that the scholarship provided a financial advantage to recipients.

Chart C-1

Cost of Attendance Covered by Expected Family Contribution (EFC) and Financial Aid Promise Scholarship Recipients and Comparison Group, by Type of Institution, 2000-01 Academic Year



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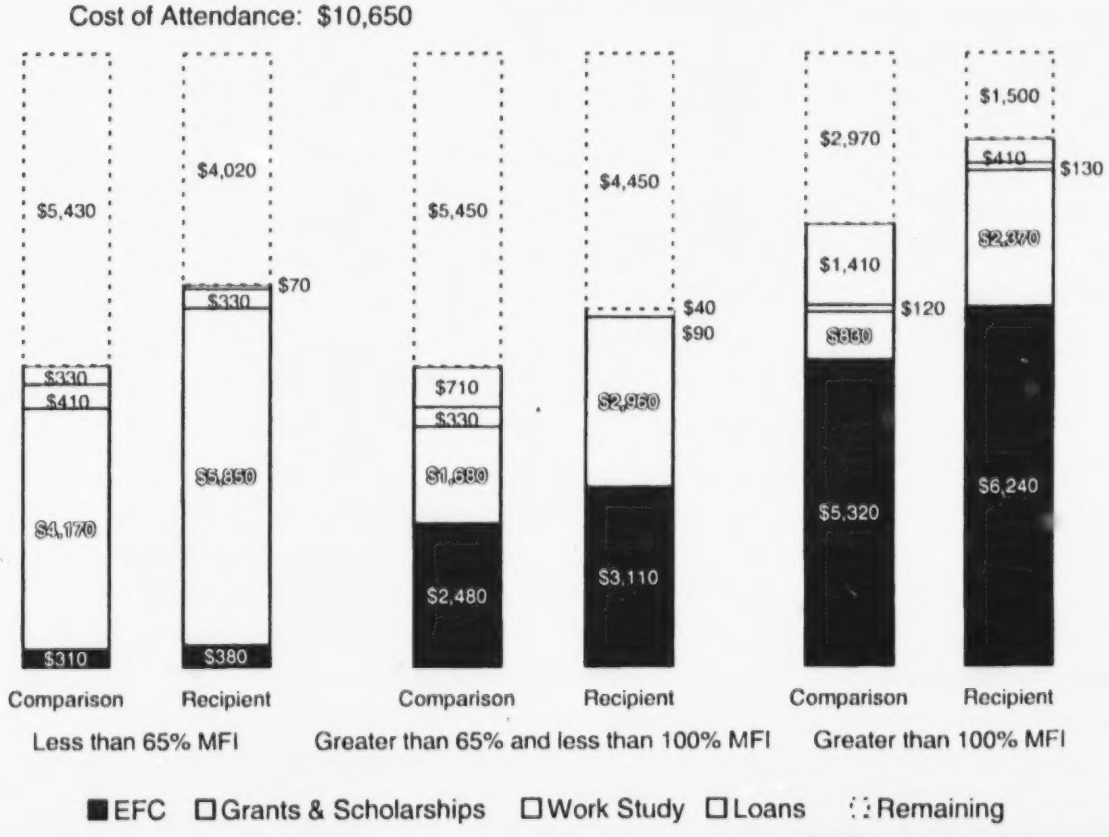
- **At Community/Technical Colleges**:
  - Promise Scholarship recipients with incomes up to 65 percent of the median family income received more grants and scholarships than those with higher incomes.
  - Promise recipients tended to have higher expected family contributions than comparison students in the same-income category.
  - Promise recipients had less remaining need after financial aid than students in the comparison group. However, on average, the amount was substantial. This is due partly to limited participation in loan programs. In addition, this illustration is based on the standard live-away-from-parent budget. Many students are able to reduce costs by living with their parents while attending a community/technical college.
  - At all income levels Promise recipients who attended community colleges borrowed, on average, very little.

Chart C-2

Cost of Attendance Covered by Expected Family Contribution (EFC) and Financial Aid Promise Scholarship Recipients and Comparison Group by Income Range Students Attending Community/Technical Colleges, 2000-01 Academic Year



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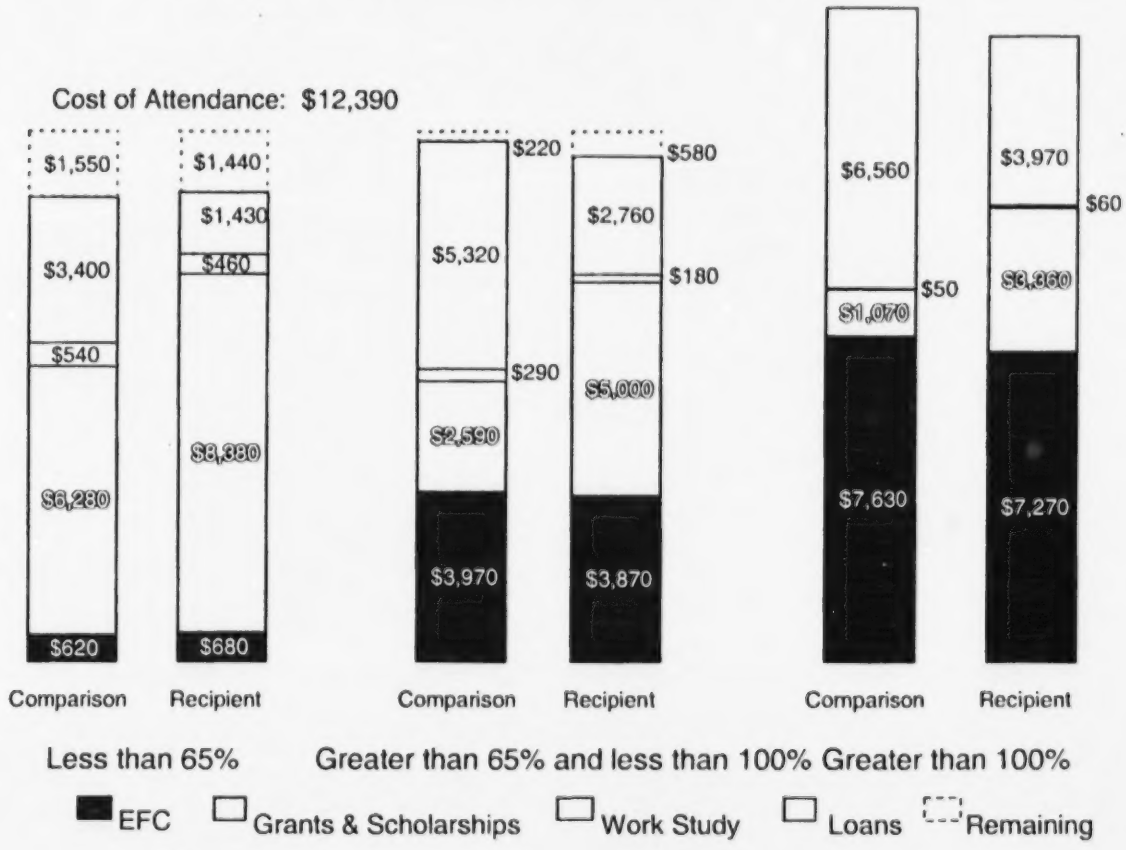
- **At public four-year institutions:**
  - The expected family contributions for Promise recipients and the comparison group in each income range were about the same.
  - Promise recipients were awarded substantially higher grants, and they borrowed considerably less than the comparison group.
  - Both Promise recipients and students in the comparison group in the top income category borrowed to cover a part of their expected family contribution.
  - Promise recipients and the comparison group had about the same amount of remaining need.

Chart C-3

Cost of Attendance covered by Expected Family Contribution (EFC) and financial aid Promise Scholarship recipients and comparison group by income range Students attending public four-year institutions, 2000-2001 Academic Year



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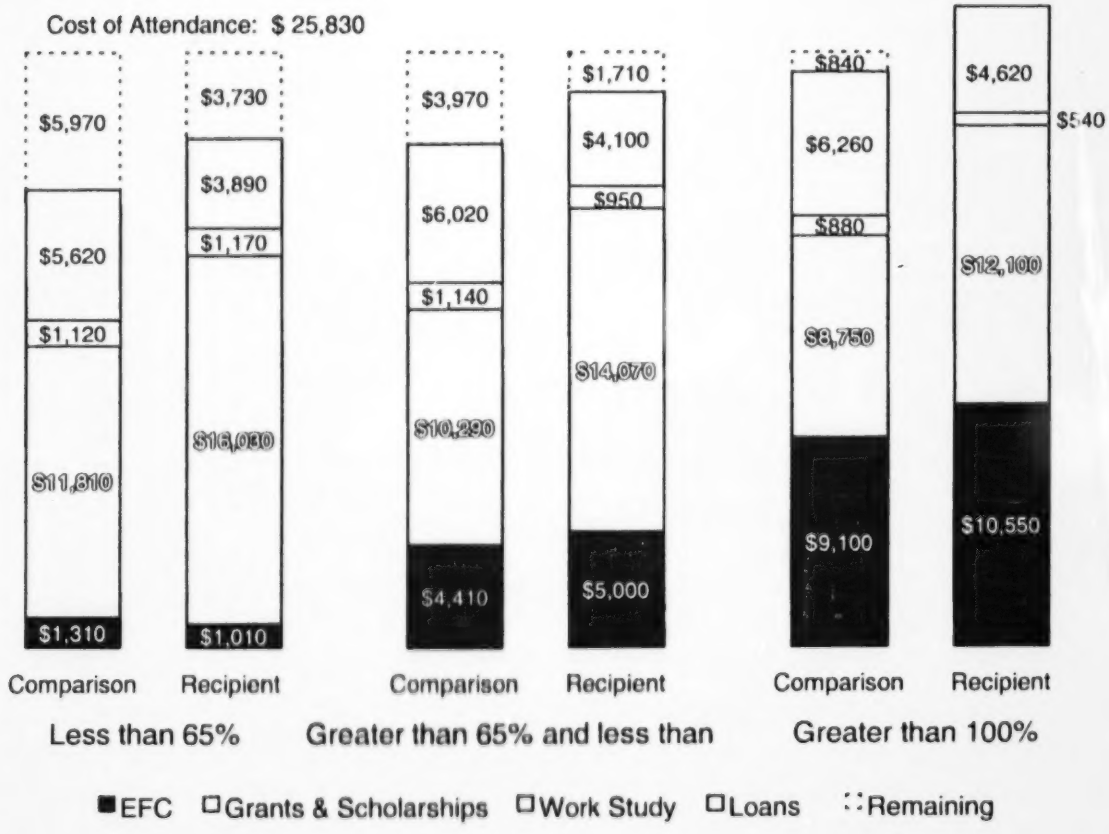
- **At Private Four-year Institutions:**
  - The expected family contributions for Promise recipients and the comparison group in each income range were about the same.
  - Promise recipients were awarded substantially higher grants, and they borrowed considerably less, on average, than students in the comparison group.
  - Promise recipients had less remaining need than the comparison group.
  - Promise recipients in the top income category borrowed to help cover some of their expected family contribution.

Chart C- 4

Cost of Attendance Covered by Expected Family Contribution (EFC) and Financial Aid Promise Scholarship Recipients and Comparison Group by Income Range Students Attending Private Four-Year Institutions, 2000-2001 Academic Year



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Appendix D

PROMISE SCHOLARSHIP RECIPIENTS AND THE FEDERAL HOPE TAX CREDIT

A "perfect" Hope Tax Credit analysis requires a substantial amount of information on each student, some of which was not available or not readily available. The Hope Tax Credit analysis used the best readily available data.

The analysis was further complicated by the fact that the Hope Tax Credit is calculated for a tax year that includes parts of two different academic years. The Hope Tax Credit is predicated on tuition and fees paid, and grants and scholarship aid received during a tax year, as well as the adjusted gross income and tax liability[7] for that tax year.

The following decisions were made to complete this analysis:

- The analysis was based on Cohort 2000 students, e.g., students who graduated from high school in spring 2000, and started college in the 2000-01 academic year. Financial aid data for the Cohort 2000 students were the most current available at the time of the study. Finally, focusing on one recipient group simplified the calculations and reduced confusion that may have occurred from using more than one group.

- The family's filing status and tax liability for the tax year 1999, reported as a part of the Promise Scholarship application, were used. These data were not available for tax year 2000. The analysis assumed that, in most cases, the filing status would have remained the same and tax liability would not have changed substantially.

- Tuition and fees and grant/scholarship aid received for the 2000-01 academic year were used in the analysis. This amount of tuition was probably somewhat higher than families paid in the 2000 calendar year. However, grants and scholarships that offset the tuition and fees would likely also have been higher.

- The analysis assumed that the Hope Tax Credit was the first credit to be applied to tax liability. This may overestimate the amount of Hope Tax Credit for which families would have qualified. IRS Form 8863 applies the following credits before any education credits: credit for child and dependent care expenses, credit for the elderly and the disabled, and foreign tax credit.

- Students attending private career/proprietary schools are not included in the analyses for several reasons. First, only a few students in the Cohort 2000 population attended a private career/proprietary school. Second, the cost and financial aid experiences of students at schools in this sector are quite divergent, resulting in findings that would not be representative of all private career school students. Finally, private career schools, unlike those in other sectors, are quite different from each other. Therefore, with so few represented, the decision was made to exclude them from the analysis.

[7] Throughout this document the term "tax liability" refers to taxes owed after credit for standardized or itemized deductions and exemptions are applied to the adjusted gross income, but before any other credits or taxes are applied.

Study Group. There were 3,225 Cohort 2000 first-year Promise scholarship recipients in the 2000-01 academic year. As shown in the table below, of these students, 188 were excluded from this analysis due to missing IRS tax data, and an additional 20 students were excluded because they attended private career schools.

Table D-1

Number of Students By Reason for Exclusion from Analysis

Reason for Exclusion	# of Students
Missing Filing Status, Tax Liability, & Private Career School	3
Missing Filing Status & Tax Liability	80
Missing Tax Liability & Private Career School	2
Missing Filing Status Only	53
Missing Tax Liability Only	50
Private Career School Only	20

Source: Promise administrative data and application materials submitted by students.

Data Sources. The Promise Scholarship program's administrative database provided information on receipt of the Promise Scholarship during the 2000-01 academic year, the amount of the award received, the family's adjusted gross income, and family size.

IRS tax forms submitted by applicants provided information on filing status and tax liability. Tax liability was from Line 40 on Form 1040, Line 25 on Form 1040A, or Line 10 on Form 1040-EZ.

The 2000-01 tuition and fee rates for the public four-year institutions and the community and technical college sector were obtained from the HECB's tuition and fee study. Tuition and fees for the private four-year institutions were obtained from the HECB's financial aid division's records. If tuition and fees data were not available for a specific institution, the average for the institution's sector as determined by the HECB financial aid division was used.

Grant and scholarship information was obtained from the 2000-01 Unit Record Report database. Promise recipients' administrative record information was matched to their Unit Record Report information, if available. As shown in Table D-2, matching data were found for 1,763 of the 3,017 Cohort 2000 analysis subgroup students.

Table D-2

Number of Cohort 2000 Analysis Students by Unit Record Report Database Matching Results

Status	Cohort 2000 Analysis Students
In 2000-01 URR	1,763
Not in 2000-01 URR	1,254
Total Cohort	3,017

If the Unit Record Report database did not include a record for a Cohort 2000 student, the student was assumed not to have received grant aid or scholarships other than the Promise Scholarship. Some of these students may have received other merit-based aid and if, in fact, they did, their Hope Tax Credit may be overstated.

Appendix E

ACADEMIC ELIGIBILITY CRITERIA

The evaluation of the Promise Scholarship program included an assessment of the effect of using the 10th-grade Washington Assessment of Student Learning (WASL) examination to determine academic eligibility for the Promise Scholarship. Analyses were conducted to estimate the effect of using the WASL in lieu of, in addition to, and as an alternative to the current criteria that determines eligibility based on a student's inclusion in the top 15 percent of his or her high school graduating class.

The 10th-grade WASL was first offered statewide in 1999. Therefore, analysis was based on students who graduated from high school in spring 2001, and who first received Promise Scholarships during the 2001-02 academic year.

Data

- **Top 15 percent/WASL Match**. The Office of the Superintendent of Public Instruction (OSPI) sent to the Higher Education Coordinating Board (HECB) the list of 2001 high school seniors who were in the top 15 percent of their graduating class. The list included student-level information such as name, address, and school attended, for 10,287 students.[8]

  To conduct this analysis, the HECB asked OSPI to match this list against the 1999 10th-grade WASL database. Using the first five letters of the student's last name, linked with the first five letters of the student's first name as the matching criterion, OSPI was able to match WASL data to 81 percent (8,334) of the students on the Top 15 percent list. Of the 8,334 students, 59 (0.71 percent) were exempted from one or more of the four WASL tests; these 59 students were not included in the analyses of test performance.

  Students attending private schools were not included in the matched database. Similarly, students who attended schools that did not administer the 10th-grade WASL in 1999 were excluded from OSPI's matched list.

- **WASL Data**. Schools were asked to voluntarily administer the 10th-grade WASL for the first time in 1999. The testing program consisted of four tests in mathematics, reading, writing, and listening. A student may have been in the WASL database but, for one or more reasons, not have taken one or more of the four tests. OSPI has categorized reasons for not taking a test as follows:

  1. Absent, not tested
  2. IEP, exempt
  3. No longer enrolled, exempt
  4. Incomplete, not tested
  5. Refusal, not tested
  6. ESL, exempt
  7. Invalidated, not tested

[8] An additional 543 students met academic eligibility criteria by scoring 1200 or more points on the SAT I. Although many of these students were in the public school system, they were not included in this Top 15 percent/WASL analysis except as referenced further in this document.

In calculating pass rates, OSPI does not include in the denominator those students who were exempted (2, 3, 6), but includes all others. The table below presents data on students and the number of tests from which they were exempted. As expected, a much higher percentage of all students taking the WASL (3.9 percent) were exempted from one or more tests compared to those who were in the Top 15 percent (0.7 percent).

Table E-1

Number of Students by Number of WASL Tests Exempted				
# Tests Exempted	All Students		Top 15% Students	
	#	%	#	%
0	64,418	96.06%	8,275	99.29%
1	274	0.41%	9	0.11%
2	219	0.33%	3	0.04%
3	324	0.48%	4	0.05%
4	1,827	2.72%	43	0.52%
Total Tested	67,062	--	8334	--

Source: Promise administrative data and OSPI WASL data.

Students who did not take the test or had test scores that were invalidated were included in the analysis. These students were considered not to have passed the WASL. If passing the WASL had replaced ranking in the Top 15 percent as the academic eligibility requirement, these students would have had to qualify academically through the alternate means of SAT or ACT scores instead, if available and appropriate.

- **Missing School Districts.** Not all schools administered the 1999 10th-grade WASL. In particular, two relatively large districts, Evergreen and Vancouver, both in Clark County, did not participate. To more closely estimate the impact of using the WASL on the number of eligible Promise Scholarship recipients, the analysis assumed that students in these two districts would pass the WASL at the same rate as students statewide, and included estimated numbers for those two districts in the findings.

  As indicated in Table E-2, about 180 students from public schools in these districts were estimated to have passed the WASL and eventually to have become recipients of the Promise Scholarship.

Table E-2

Calculations Estimating # of Recipients Based on Passing the WASL for Two Districts That Did Not Participate in 1999 10 Grade WASL		
Steps	**District 1**	**District 2**
#Top 15% Students – (does not include private schools)	233	202
Estimated Enrollment: (#Top15%)/(0.15)	1,553	1,347
#With No WASL Exemptions – (Statewide %No Exemptions, 96.1%) * (Estimated Enrollment)	1,492	1,294
#Passed WASL Tests – (Statewide %Passed, 22.8%) * (#With No WASL Exemptions)	341	295
#Applied - (Top15%-WASL Passers %Applied, 30.7%) * (#Passed WASL)	105	91
#Eligible - (Top15%-WASL Passers % Eligible, 94.2%) * (#Applied)	98	85
#Recipients - (Top 15%-WASL Passers % Recipients, 96.2%) * (#Eligible)	95	82

Source: Promise administrative database and OPSI WASL data.

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- **Family income and institutional choice of WASL-passers.** In addition to meeting academic criteria, to receive a scholarship, the family income of recipients cannot exceed 135 percent of the state's median family income, and recipients must attend an eligible Washington college or university.
    - For purposes of estimating student eligibility, if the WASL were used as an alternative academic criterion for scholarship eligibility, the analysis assumed that the income profile of all 10th-grade WASL passers would be similar to the income profile of the Top 15 percent WASL passers, and that similar percentages of 10th-grade WASL passers would apply, meet the income standard, and accept the Promise Scholarship as the Top 15 percent WASL passers who applied, met the income standard, and accepted the scholarship.

Study Question 1. How did students in the 2001-02 Top 15 percent study group perform on their 10th-grade WASL, compared to all 10th-grade students who took the WASL in 1999?

The 1998-99 10th-grade cohort included 67,062 students. Almost 4 percent, 2,644, of the students were exempted from one or more of the four WASL tests. Of the 64,418 students with no exempted tests, 22.8 percent (14,709) passed all four WASL tests.

As shown in Table E-3, 64.9 percent of the students in the Top 15 percent of their class passed all four WASL tests. As expected, this percentage was considerably higher than for all students. The distribution of students across number of tests passed was nearly uniform for all students, while for the Top 15 percent students, the large majority passed at least three of the four tests.

Table E-3

Number of Students by Number of WASL Tests Passed				
#Tests Passed	All Students		Top 15%	
	#	%	#	%
Total	64,418	--	8,275	--
4	14,709	22.8%	5,367	64.9%
3	12,546	19.5%	1,648	19.9%
2	11,340	17.6%	640	7.7%
1	12,710	19.7%	380	4.6%
0	13,113	20.4%	240	2.9%

Source: Promise administrative data and OSPI WASL data.

Although more students would have qualified had the WASL been used to determine academic eligibility, the actual additional number of students would depend on the extent to which academically eligible students also met the other eligibility requirements of family income and attendance at a Washington college or university. Research has shown a positive correlation between family income and performance on standardized academic achievement tests. If, in fact, that correlation is true of performance on the WASL, the percent of students not qualifying for the Promise Scholarship because of the family income limit might be higher than if the academic criteria is linked to class standing.

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Study Question 2. What would have been the effect of using the 10th-grade WASL, in lieu of the Top 15 percent standard, as the academic criterion for the Promise Scholarship?

Number of Recipients and Cost. As observed in Table E-3, above, a much smaller percentage of all WASL takers passed all four WASL tests. However, the number of passers is much larger than the number of passers who were in the Top 15 percent group.

Table E-4 presents information on Promise program participation of Top 15 percent WASL passers and the corresponding estimates for all WASL passers. It also includes information on the Promise participation of applicants by the type of school – public or private – from which students graduated, and on students who qualified academically through the SAT or means other than the Top 15 percent list.

Table E-4

Comparison of Estimated Promise Scholarship Program Status

Promise Program Status	Top 15% WASL Passers		All WASL Passers (est. based on Top 15% WASL Passers)		Top 15% Public		Top 15% Private		SAT/Other	
	#	%	#	%	#	%	#	%	#	%
Academically Eligible	5,367	--	14,709	--	9,821	--	465		543	--
Applicants	1,648	30.7%	4,517	30.7%	3,275	33.3%	74	15.9%	228	42.0%
Eligible (plus income)	1,553	94.2%	4,256	94.2%	3,106	94.8%	67	90.5%	205	89.9%
Recipients	1,494	96.2%	4,095	96.2%	2,931	94.4%	65	97.0%	190	92.7%

Source: Promise administrative database and OPSI WASL data.

The percentages of Top 15 percent WASL passers who were academically eligible, who applied, were determined eligible, and received the scholarship, were applied to all WASL passers. Using this methodology, of the 14,709 10th-grade WASL passers in 1999, 4,517 would have applied for the Promise Scholarship, and 4,095 would have received it. In comparison, 2,996 Cohort 2001 Top 15 percent students were recipients.[9]

Therefore, about 1,100 more recipients would have received the scholarship in the 2001-02 school year, had the WASL been used in lieu of the Top 15 percent as the academic criterion for Promise Scholarship eligibility (assuming that the number of recipients qualifying by SAT scores remains the same). During the 2001-02 academic year, the average award for a Cohort 2001 recipient was $1,355. With that average award, an additional $1,490,500 would have been needed to fund the additional 1,100 students.

[9] The numbers in the Top 15 percent columns are the students identified by OSPI's Top 15 percent list who were matched to data on the Promise administrative application file. The SAT/Other column includes students on the Promise administrative application file who were not matched to students on the Top 15 percent list. Of the unmatched applicants, based on last name, first name, and date of birth, about 144 students were matched with the SAT-eligible list; the remaining 84 applicants could not be matched with either list. Most of the analysis focuses on the matched students, based on the presumption that the unmatched numbers would remain relatively stable regardless of the criterion used to assess academic eligibility. To the extent that those who qualified by SAT scores also passed the WASL but were not in the Top 15 percent, the recipient number will decrease.

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Student Demographics. Gender and race information were not available from the Top 15 percent list, but were available for students in the WASL database. Therefore, the estimated impact on scholarship distribution by gender and race/ethnicity was conducted only for WASL takers (both those who were in the Top 15 percent and for all 10th-grade WASL takers).

- **Gender.** As indicated in Table E-5, the percentage of qualifiers who are female was higher using the Top 15 percent criterion (63.93 percent) than it would have been, using the 10th-grade WASL (54.78 percent).

Table E-5

Distribution by Gender: Top 15% and WASL				
Gender	Top 15%		WASL	
	#	%	#	%
Female	5328	63.9%	8057	54.8%
Male	2993	35.9%	6642	45.2%
Unknown	13	0.2%	10	0.1%
Total	8,334		14,709	

- **Race/Ethnicity.** A higher percentage of qualifiers of Asian/Pacific Islander backgrounds is represented in the Top 15 percent criterion (10.96 percent) than would be with the WASL (7.92 percent). Conversely, the percentage of qualifiers of white backgrounds is higher with the WASL (84.69 percent) than with the Top 15 percent criterion (80.97 percent). The percentages are similar under the two criteria for the other race/ethnicity groups.

Table E-6

Distribution by Race/Ethnicity: Top 15% and WASL				
	Top 15%		WASL	
Race/Ethnicity	#	%	#	%
Am Indian/Alaskan Native	61	0.7%	114	0.8%
Asian/Pacific Islander	913	11.0%	1165	7.9%
Black/African Am	93	1.1%	140	1.0%
Hispanic	206	2.5%	294	2.0%
White	6748	81.0%	12457	84.7%
Multiracial	235	2.8%	425	2.9%
Unknown	78	0.9%	114	0.8%
Total	8,334		14,709	

Geographical, District, and School Distribution. Use of the Top 15 percent criterion assures enrollment size-equity across the state's high schools in the determination of academic eligibility. The study attempted to estimate the impact on the distribution of recipients, if the WASL were used in lieu of the Top 15 percent criterion to establish eligibility for the Promise Scholarship.

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Because students may have taken the 10th-grade WASL at one school and graduated from another, the analysis was conducted using the school in which the 10th-grade WASL was taken. This limited the comparison to WASL passers versus Top 15 percent students who were matched with WASL data. The analysis was further limited to students in schools that were in both the Top 15 percent and WASL databases.

The analysis compares the percentage of the total academic qualifiers from a specific county, district, or school, using the Top 15 percent criterion versus the WASL criterion.

To a large degree, the distribution of qualifiers across counties using either criterion is similar. However, in a few counties, the differences are noticeable. For example, a higher percentage of qualifiers would have come from King County, using the WASL criterion (33.1 percent), compared to the percentage from King County using the Top 15 percent criterion (27.2 percent). On the other hand, the data show that a somewhat higher percentage of qualifiers came from Yakima and Pierce counties based on the Top 15 percent criterion than would have, had the WASL been used in lieu of the Top 15 percent to establish academic eligibility.

The distribution of recipients across districts or schools within counties would have also been different, had the WASL been used as the standard for academic eligibility. Within King County, for example, although a much higher percentage of students would qualify using the WASL, not all schools would experience an increase. Some schools would have a much higher percent of eligible students; others, a much lower percent.

Study Questions 3 and 4. What would have been the impact of requiring Promise Scholarship recipients to be in the Top 15 percent of their senior classes *and* pass the 10th-grade WASL? What would have been the impact of allowing students to meet the academic qualification using *either* the Top 15 percent *or* the WASL criteria?

Based on data availability and the assumptions cited above, the analysis found that, had the Promise Scholarship program required 2001 high school graduates to be in the Top 15 percent of their senior classes *and* pass all four 10th-grade WASL tests, an estimated 1,400 fewer students would have been awarded. Had students been able to meet the academic criterion for the Promise Scholarship *either* by being in the Top 15 percent *or* by passing the WASL, an estimated 2,700 more students in high school class of 2001 would have qualified. The added cost of serving these students in academic year 2001-02 would have been about $3.7 million.

Table E-7, presents the estimated numbers of Cohort 2001 recipients and costs[10] to the program using each of the academic eligibility criteria that were considered.

Table E-7

Number of Recipients and Total Promise Cost by Academic Option: Cohort 2001				
	Top 15%	WASL	Top 15% & WASL	Top15% or WASL
Total	3,186	4533	1,783	5,911
$	4,318,447	6,129,109	2,421,817	8,025,739
Public	2,804	4,101	1,488	5,417
$	3,813,943	5,556,855	2,032,483	7,338,315
Clark Cty Districts	127	177	65	239
$	165,672	233,422	84,792	314,302
Private	65	65*	40	65
$	89,154	89,154	54,864	123,444
SAT/Other	190	190**	190	190
$	249,678	249,678	249,678	249,678

*This is the number of actual recipients who ranked in the Top 15 percent of their class. With the WASL criterion, this number could be higher, lower, or the same depending on policies and student performance.

**This number could be smaller if it includes any public school students who qualified with the SAT criterion and also passed the WASL.

[10] In calculating cost, actual awards were used where known (e.g., for the Top 15 percent recipients). An average expenditure of $1,355 was assumed for students who would have become eligible using an alternative academic eligibility criteria. The average award for the 3,186 Cohort 2001 scholarship recipients was $1,355.

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